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Welcome to the December 2011 Edition of Sponsor E-News

Transamerica would like to extend warm holiday wishes to you in our final Sponsor E-News of 2011.

We look forward to delivering the same outstanding service next year that has earned us recognition for "best in class" service in the *PLANSponsor*® Magazine 2011 Defined Contribution Survey.

Before the new year begins, you may want to establish your employee education strategy by utilizing the Transamerica Education Planner. The process is simple and convenient.

In this month's Market Insight, the experts at BlackRock review early December developments in the European debt crisis and the state of the US economy. Also, Legg Mason cautions us to consider some retirement realities when determining our retirement planning strategies.

Now is a good time to remind employees who are eligible for the Savers Credit of the added tax benefits they may receive by contributing to their plans.

To help you prepare for your plan's 2012 compliance requirements, we have created an easy-reference compliance calendar.



Compliments of
Sponsor Connect
(866) 498-4557

INFORMATION

Transamerica Honored By *PLANSponsor*® Magazine

We are pleased to announce that our exceptional commitment to quality has, once again, earned Transamerica recognition as one of the top providers in the annual *PLANSponsor*® Magazine Defined Contribution Survey. Results of the annual survey are determined by the direct feedback from plan sponsor clients like you. Transamerica's 2011 honors include:

- 38 "Best in Class" designations
- A top recipient of "Best in Class" cups in both the micro- and small-plan markets
- A 96.7% client recommendation rate!

You can read more about the survey [here](#).



Thank you for choosing Transamerica as your retirement plan provider. The survey's results help acknowledge the hard work and dedication of everyone at Transamerica, as we strive to lead the industry in providing innovative, "Best in Class" retirement plan services and solutions!

Transamerica Retirement Services received 38 "Best in Class" cups for sponsor and participant services in *PLANSponsor*® magazine's annual Defined Contribution Survey of retirement plans. The 38 "Best in Class" designations—19 in the micro (<\$5 million) and 19 in the small (\$5 million to \$50 million) markets—rank Transamerica Retirement Services among the top cup recipients of the 43 providers evaluated in the micro- and small-plan markets. The results of the Defined Contribution Survey were announced in the November 2011 issue of *PLANSponsor*® magazine. The survey polled 6,885 clients of 47 defined contribution plan providers. "Best in Class" cups are awarded to plan providers who score in the top quartile of a specific category. See the November 2011 issue of *PLANSponsor*® magazine for complete results.

INFORMATION

Developing Your 2012 Education Plan

As the new year approaches, you may want to establish your 2012 employee education strategy. Transamerica's Education Planner, available at www.TA-Retirement.com, can help you develop and implement your education plan by following a convenient, step-by-step process.

Through Transamerica's Education Planner, you can:

- Assess key attributes of your plan
- Construct an Education Policy Statement from the sample provided
- Set goals for your plan
- Create annual education campaigns that you can easily deliver to your employees



The education materials and messages are designed to be delivered and accessed electronically, making distribution simple. To access the Education Planner, log onto www.TA-Retirement.com, and click on the "Resources" tab.

INFORMATION

Monthly Market Insight

In this month's Market Insight, the experts at BlackRock review the positive effects of the recent European summit, and the ongoing improvements in the U.S. economy. BlackRock's experts view the sharp drop in U.S. jobless claims announced in early December, optimism about payroll growth, solid consumer spending, and strong profit growth in the corporate sector as proof that economic growth appears to be accelerating. They expect more positive news than negative for the U.S. economy in 2012, but caution that the "Eurozone crisis remains the key wildcard" to the outcome.



In "[Responding to today's retirement realities](#)," the experts at Legg Mason remind us of the challenges we face as we save for retirement. Longer life expectancies, rising healthcare costs and inflation all contribute to a retirement income that may need to be at least 80% of our preretirement income if we want to maintain our lifestyles. Additionally, recovering from market downturns, which are an inevitable part of long-term investing, can be difficult, especially during the distribution phase of retirement. Legg Mason cautions us to consider these realities as we determine our retirement planning strategy.

Transamerica Retirement Services does not provide investment advice. BlackRock and Legg Mason provide investment management services for some of the investment choices offered in Transamerica retirement plans. BlackRock and Legg Mason are not affiliated with Transamerica.

LEGISLATIVE/COMPLIANCE

Savers Credit Reminder

Now is the time to remind your employees to take advantage of the Savers Credit, also known as the Retirement Savings Contributions Credit. The Savers Credit may allow your employees to take a tax credit of up to \$1,000 (up to \$2,000, if filing jointly) if they make eligible contributions to a qualified retirement plan, such as a 401(k) plan or traditional IRA.



The amount of the credit is determined by the participant's filing status, adjusted gross income, and other retirement contributions. It applies only to tax filers who owe federal income tax, since no refund of excess credit is allowed. By simply contributing to their 401(k) plan and taking advantage of the Savers Credit, participants may find that they owe less money to the federal government.

To qualify for the Savers Credit, participants must meet certain requirements for 2011. The credit can be claimed if the employee:

- Is age 18 or older
- Is not a full-time student
- Is not an exemption on someone else's tax return
- Has an adjusted gross income that is at or below
 - \$28,250 for a single filer
 - \$42,375 for head of a household
 - \$56,500 if married filing jointly
- AND has made eligible contributions to a qualified retirement plan, such as a 401(k) plan or traditional IRA.

Your employees already know that tax-deferred contributions to a 401(k) can help reduce their federal income tax. However, they may need to be reminded of how the Savers Credit can make the benefits of their 401(k) contributions even greater.

To help your employees learn more, view this [Saver's Credit eTip](#).

✓ LEGISLATIVE/COMPLIANCE

Plan Ahead With Our Compliance Calendar

As part of our on-going efforts to keep you informed about important annual plan events, we have created a compliance calendar for 2012. This convenient [reference guide](#) can help you stay on top of your plan's compliance requirements during the upcoming plan year.



🏛️ COMPLIANCE CALENDAR

12/30—Make prior plan-year compliance corrections, if any, without plan disqualification.*

* Compliance and non-discrimination testing refers to a series of tests including the minimum coverage, annual additions, top heavy, actual deferral percentage (ADP) and actual contribution percentage (ACP) tests. Transamerica must have received a complete census package and Additional Plan Data Form by early February in order to complete testing in March and meet the 3/9 deadline for distributing excess contributions without penalty to the employer.

If the plan fails the ADP and/or ACP tests, the correction can be made by distributing excess contributions. If a correction is made within 2 1/2 months after the end of the plan year (on or before 3/15 for a calendar year plan), the employer avoids paying a 10% excise tax to the IRS on the amount of the correction. If the corrective distributions are made more than 2 1/2 months after the end of the plan year, the employer will pay the 10% excise tax on the distribution of excess contributions. Note that for plans with a qualifying Eligible Automatic Contribution Arrangement (EACA) the deadline for correction is within 6 months after the end of the plan year.

A participant's pre-tax contributions and any Roth contributions (deferrals) to a 401(k) plan cannot exceed the annual limit set by the IRS in Internal Revenue Code sections 402(g) which is \$16,500 for 2011. Excess deferrals (in excess of the \$16,500 amount) made in 2011 must be distributed to the participant, with related earnings, by 4/16/2012. Failure to make these corrective distributions could result in plan disqualification.

FEEDBACK

We always welcome your feedback and suggestions. Please send your comments to sponsorconnect@transamerica.com.

Transamerica or Transamerica Retirement Services refers to Transamerica Retirement Services Corporation, which is headquartered in Los Angeles, CA.

